

(including the availability of funds) and to authenticate the user from the financial institution's perspective. An account held with this multi jurisdictional financial partner(s) serves nothing but a transactional purpose through which funds are matched and distributed. The multi jurisdictional financial partner(s) accepts funds on account in the currency by which they were deposited. Correspondingly, this institution delivers funds to the customer in the beneficiary currency at the prescribed rate of exchange. All currency exchange is electronic so that no physical securities are required for clearing.

Once the financial institution (C) has confirmed that the user has the required funds to be exchanged it in effect freezes those funds, and then authorises the matching system (step 4) to post the required information and proceed with the transaction. The Matching System (D) then performs the netting identification process illustrated at Figure 2B, using the mid-point prices it calculates using the data from live feed (A). Matching System (D) uses the following order prioritisation feature. In order to prevent one company and/or transaction from "locking out" other customers by placing a substantial order in relation to the available liquidity, customers will be able to place orders to a maximum size of "X" USD equivalent. The software will accept volumes in excess of this size. These will be automatically processed into a series of smaller transactions, determined by the Matching System (D) and contingent on the liquidity of the currency. Execution of these smaller transaction volumes will occur in sequence with the initial block being completed on a "first in, first out", followed by the next Matching System (D) customers in that currency, if any, on a FIFO basis; followed by the second block from the transaction; followed by the next customers in that currency, if any, and so on until the cumulative volume is filled. This prevents one customer from monopolizing any one currency to the detriment of other customers.

Where a successful match has occurred, the Matching System (D) notifies the various financial institutions to complete the funds transfer. More exactly, transactions are aggregated by Matching System (D), reconciled, and recorded to one central file per jurisdictional financial institution. The "batched" files are transmitted to the jurisdictional partner (step 5).

Notification arises through the Matching System (D) issuing an 'International Payment Instruction'. This is an order to a financial partner to record payment instructions to a customer defined beneficiary account;

Issuance of the 'International Payment Instruction' will occur under, but will not be limited to, the following conditions:

- (A) When a customer is "matched" fully
- (B) When a customer is filled at the end of the day
- (C) When a "Match and Market" order has been fulfilled.
- (D) If customer selects "Market" or "Match (All or none)" order.
- (E) If a customer elects to carry an order over a number of days, until that order is filled in its entirety, the direction to pay option to a Payee Account remains unavailable. In that circumstance, the customer must maintain his own beneficiary account.

In addition to handling International Payment Instructions, the system can equally well handle Domestic Payment Instructions – for corporations who seek to transfer funds domestically.

In addition to issuing the International Payments Instruction, the Matching System (D) records the transaction details and time-stamps them. Pricing is also screened by the Matching System (D) for anomalous trades to ensure transaction integrity. Matching System (D) also causes an e-mail customer notification of a match to be issued, pending final payment and settlement.

Payment instructions are then confirmed, aggregated, and reconciled at the financial partner. Payment is subsequently effected (step 6) to the denoted beneficiary accounts (payee or customer). Each jurisdictional banking partner will release funds at the earliest available opportunity after the daily batching function. Confirmation details are recorded for transmission to customers; confirmation email and online transaction reporting details are transmitted to each customer (step 7). Call centre functionality allows customer to gain transaction details should their ISP be experiencing technical details. At step 8, each customer can obtain a transaction confirmation certificate (Step 9). The transaction is now fully completed.

There are various additional aspects to the FX Matching System which are not illustrated. For example, a product for individuals (business travelers) is available; as is a corporate wholesale product for intermediary exchange requirements; and a "market" product for blue-chip multinationals. The transaction size in these incarnations may dictate the transactions "fee" for executing a currency match; the program could, but does not have to automatically categorize the trade into the appropriate product with the appropriate rate scale.

A hedging facility for foreign exchange exposure may also be included, in which matched forwards can be offered by the jurisdictional financial partner.